

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
)  
TIME WARNER TELECOM OF HAWAII, L.P., )  
dba OCEANIC COMMUNICATIONS )  
)  
Transmittal No. 04-18, Filed on )  
December 28, 2004, to Introduce )  
the VersiPak Packages. )  
\_\_\_\_\_ )

DOCKET NO. 05-0012

DECISION AND ORDER NO. 21676

DIV. OF CONSUMER ADVOCACY  
DEPT. OF COMMERCE AND  
CONSUMER AFFAIRS  
STATE OF HAWAII

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Karen Higashi  
Chief Clerk of the Commission

ATTEST: A True Copy  
KAREN HIGASHI  
Chief Clerk, Public Utilities  
Commission, State of Hawaii.

K. Higashi

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Docket No. 05-0012

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DECISION AND ORDER

The commission approves the proposal of TIME WARNER TELECOM OF HAWAII, L.P., dba OCEANIC COMMUNICATIONS ("Oceanic"), to offer the VersiPak Package bundled voice and Internet services for small to medium-sized business customers in the State of Hawaii (the "State").

I.

VersiPak Package

This docket arises out of Oceanic's Transmittal No. 01-18, filed on December 28, 2004, as amended by Transmittal No. 01-18a, filed on January 21, 2005.<sup>1</sup> On February 18, 2005, Oceanic responded to the Consumer Advocate's information

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<sup>1</sup>Oceanic's Transmittal No. 01-18, filed on December 28, 2004; and Oceanic's Transmittal No. 01-18a, filed on January 21, 2005. On January 14, 2005, the Division of Consumer Advocacy ("Consumer Advocate") filed its protest of Transmittal No. 01-18, and on January 21, 2005, Oceanic responded with its amended Transmittal No. 04-18a. Oceanic once again amends its Transmittal No. 04-18a, in response to CA-IR-5(b), to correct a formatting error.

requests, and on February 28, 2005, the Consumer Advocate filed its position statement. The Consumer Advocate does not object to the commission's approval of Oceanic's VersiPak Package.<sup>2</sup>

Oceanic proposes to introduce and offer in the State its VersiPak Package, described as follows:

The following packages bundle voice and internet services to create a value-packed solution for small to medium sized business Customers. Package voice channels may be lines or analog or digital trunks. Customers may mix voice and internet channels in any manner they choose, as long as the total channels ordered fits within each package channel guidelines and meets the Company's VersiPak service standards.

. . . .

Customers may purchase the Company's long distance service for use in connection with these packages.<sup>3</sup>

Oceanic, in its response to the Consumer Advocate's inquiry, confirms that the VersiPak Package bundles only local voice and Internet services.<sup>4</sup>

Oceanic states:

1. The long distance service option is inter-island, interstate, or both. "The customer purchases the toll service

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<sup>2</sup>Consumer Advocate's position statement, filed on February 28, 2005.

<sup>3</sup>Oceanic's Transmittal No. 04-18a, at Tariff No. 2, Original Page No. 69.1. See Oceanic's response to CA-IR-5(b). Long distance telecommunications service, while available as a separate purchase, is not a part of the VersiPak Package. See Oceanic's response to CA-IR-1.

<sup>4</sup>See Oceanic's responses to CA-IR-1 and CA-IR-2. See also Consumer Advocate's position statement, at 4.

separately from applicable tariffs and . . . is billed one bill with the VersiPak Service."<sup>5</sup>

2. A cost study is not required pursuant to Decision and Order No. 21326, filed on August 31, 2004, in Docket No. 04-0082. The bundled voice and Internet services it proposes to offer are readily available from at least two (2) other telecommunications carriers in the State, Pacific LightNet Communications and Verizon Hawaii Inc. Thus, if Oceanic attempts to offer this service at an unreasonable rate, the customer can simply opt for another provider's service.

3. Time Warner Telecom ("TWTC") originally offered the VersiPak Package on a national basis in 2002. While TWTC is unable to locate the original pricing analysis, "[p]ricing was set based on national averages for both internal equipment costs, average number of channels dedicated to both voice and internet for each package and off net expenses."<sup>6</sup>

4. Oceanic will provide the voice and Internet services over a standard T1 or DS1 facility. The twenty-four (24) channels on a T1 will be allocated to either the voice or Internet services in accordance with the customer's package.

5. The monthly recurring charge for each type of VersiPak Package:

A. Depends on the type of package selected (Peak, Ascent, or Base), and the corresponding term and number of channels associated with the package selected; and

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<sup>5</sup>Oceanic's Transmittal No. 04-18a, at 2, paragraph 3.

<sup>6</sup>Oceanic's response to CA-IR-5(e).

B. Under the proposed three (3)-tiered rate structure, is \$580 (Base), \$775 (Ascent), and \$875 (Peak).

The Consumer Advocate does not object to the commission's approval of the VersiPak Package, finding that:

1. Pacific LightNet Communications and Verizon Hawaii Inc. currently offer similar bundled service packages.<sup>7</sup>

2. All three (3) providers offer a bundled service package that allows customers to integrate voice and data services into one (1) platform, and Oceanic's VersiPak Package appears comparable to Pacific LightNet Communications' and Verizon Hawaii Inc.'s bundled service packages.

3. There is nothing to suggest that Oceanic's VersiPak Package is set below cost.<sup>8</sup> Oceanic's proposed monthly rates appear to be based on market conditions and are not necessarily cost-based.

4. The introduction of more competitive services is consistent with the public interest.

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<sup>7</sup>Specifically: (1) Pacific LightNet Communications' PowerFlex service; and (2) Verizon Hawaii Inc.'s FlexGrow Trunk services.

<sup>8</sup>The Consumer Advocate's finding is prefaced, as follows:

It should be noted that this observation is largely based on assumptions and general observations. Without reliable cost support, a more definitive conclusion cannot be reached. Based on the expectation that competition can protect the public interest in this instance, cost support in the form of a cost study is not required. If, however, it later becomes apparent that Oceanic's offering is priced below its cost, it may become necessary for Oceanic to provide the relevant cost support in any applicable subsequent investigation.

Consumer Advocate's position statement, at 9, footnote 7.

Oceanic's proposed VersiPak Package is similar to other bundled service packages currently offered in the State, and provides business customers with another option for bundled voice and data services. The commission approves Oceanic's Transmittal No. 04-18a, as amended, consistent with Decision and Order No. 21326, filed on August 31, 2004, in Docket No. 04-0082.

II.

Orders

THE COMMISSION ORDERS:

1. Oceanic's Transmittal No. 04-18a, filed on January 21, 2005, as amended on February 18, 2005, is approved, effective from the date of this Decision and Order.

2. Oceanic shall promptly file its revised tariff sheets, incorporating the appropriate issued and effective dates, with copies served upon the Consumer Advocate.

DONE at Honolulu, Hawaii MAR - 7 2005

PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By Carlito P. Caliboso  
Carlito P. Caliboso, Chairman

By Wayne H. Kimura  
Wayne H. Kimura, Commissioner

APPROVED AS TO FORM:

Michael Azama  
Michael Azama  
Commission Counsel

By Janet E. Kawelo  
Janet E. Kawelo, Commissioner

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 21676 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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Karen Higashi

DATED: MAR - 7 2005